

BOARD OF COMMUNITY HEALTH

March 10, 2004

The Board of Community Health held its regularly scheduled meeting in the Carl E. Sanders Fireplace Room, Capitol Education Center, 180 Central Avenue, Atlanta, Georgia. Board members attending were Carol Fullerton, Chairman; Richard Holmes, Vice Chairman; Frank Rossiter, M.D., Secretary; Joyce Blevins; Lloyd Eckberg; Kent (Kip) Plowman; and, Commissioner Tim Burgess. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments #1 and #2.)

Ms. Fullerton called the meeting to order at 10:15 a.m. The Minutes of the February 11 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Commissioner Burgess began by introducing Mark Cicero. Mr. Cicero represents the Attorney General's Office and will be attending the Board meetings on a regular basis. Commissioner Burgess then called on Carrie Summers, Chief Financial Officer, to begin the State Health Benefit Plan (SHBP) Update. Ms. Summers stated that 27% of the Department's costs for this plan are funded by employee monthly premiums and 73% is funded by contributions from the State, which includes payroll, flat contributions by non-certificated school personnel and, beginning this year, part of the contingency fund balance. The plan's expenditure trend level is currently up to 13%, which has caused a \$16 million increase in the projected deficit. The Department has developed several strategies to address this issue: 1.) a more restrictive pharmacy benefit; 2.) increase in the maximum out-of-pocket amounts for prescriptions; 3.) increase the AWP discount to 14%; 4.) consumer driven health care plan on a pilot basis; 5.) administrative efficiencies, such as contract review of the Pharmacy Benefit Manager; 6.) intensive case and disease management for high cost members; 7.) conducting a review of outpatient hospital claims; and; 8.) on-site eligibility audits of payroll locations. Ms. Summers stated the following strategies relate to Revenue Enhancements: 1.) increase employee contributions by 10%; and, 2) use the SHBP contingency plan fund balance. She stated that if the current expenditure trend level continues there will be an even greater deficit for FY 2006. In order to address this projected deficit, the Department is looking at the following options: 1.) reduce expenditures drastically; 2.) increase employee contributions significantly; 3.) increase the State's contributions (by direct billing, if probable); and/or, 4.) a combination of all three options.

After Ms. Summers addressed questions and comments from the Board, John Upchurch, Plan Management Director, began his part of the SHBP Update. During this year's open enrollment, Mr. Upchurch stated the Department is offering a consumer driven health care plan on a pilot basis as an additional option in the following locations: Atlanta City Board of Education – United Healthcare, Clayton County Board of Education – Definity Health and Coweta County Board of Education - Lumenos. A video describing the Definity Health Care Plan was shown to the Board. Employers allot an employee a given amount of money to spend on healthcare needs at the employee's discretion. By using this account to purchase health care services, employees become directly involved in health care decision-making. There are four components in a consumer driven healthcare plan: 1.) a comprehensive medical plan; 2.) a health reimbursement account (HRA); 3.) wellness benefit; and 4.) health tools and resources. Mr. Upchurch stated the Department is also offering two drug choices for members enrolling in the PPO, PPO Choice and Indemnity Plans: 1.) Basic – this choice is similar to the one already in place for these plans. It is priced lower than the Premium and has no maximum out-of-pocket costs. Also, its Preferred Drug List is similar to the HMO product (prescription costs will be generic - \$10, brand preferred - \$25, non-brand preferred - \$40); and, 2.) Premier – there are maximum out-of-pocket costs for this choice (generic/brand preferred - \$450 and non-brand preferred - \$1300). The Preferred Drug List is similar to what is currently in place for the PPO product (prescription costs will be generic - \$15, brand preferred - \$25, and non-brand preferred - \$40 to \$100). There will also be increases for prescription costs in the HMO Plans: brand preferred - \$25 and non-brand preferred - \$40.

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Mr. Upchurch continued by stating the Department is proposing to increase the base rate for the PPO, PPO Choice and Indemnity Plans to 10%. Commissioner Burgess asked the Board to approve the new SHBP rate structure as presented with the maximum up to 10% which would be implemented during the open enrollment period in April. In addition, he asked the Board to allow him the authority to lower the rate to be consistent with whatever action is taken by the General Assembly. He stated the Department's assumption is that the General Assembly will not raise it more than 10%, but that they may be lowering it instead. There will also be a 10% increase in rates for the HMO plans with the exception of Kaiser, which will be a 12% increase. Mr. Eckberg MADE THE MOTION to APPROVE the 10% increase of SHBP rates as proposed by Commissioner Burgess. Dr. Rossiter SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED.

Commissioner Burgess called on Laura Jones, Director, Legislative & External Affairs, to give a Legislative Update. Ms. Jones stated the Legislature would recess on March 10 and reconvene on March 12. She brought to the Board's attention the following bills that the Department is tracking: House Bill 1704 (requires legislative approval before the Department can enroll Medicaid recipients into a managed care environment); Senate Resolution 461 (create a Senate Medicaid Study Committee composed of five Senate members to study current policies and procedures of Medicaid and develop statistics on utilization costs and expenditures which will enable the General Assembly to understand appropriate levels of services and expenditures for Medicaid); and, Senate Resolution 827 (create a Senate Study Committee composed of seven Senate members to study the fiscal impact of illegal immigration and its effect on the State, primarily Medicaid's budget and public education). As a status report on Senate Bill 447 (regarding prior authorization on mental health drugs), Ms. Jones stated the bill is currently in the Rules Committee and, on February 24, Commissioner Burgess testified on the fiscal impact this bill would have on the Department's budget. She also mentioned another bill similar to Senate Bill 447 that had been introduced. It is House Bill 1500 and it includes additional medications that would treat organ and tissue transplantation, cancer, convulsive disorders, Hepatitis C and HIV. The full Committee will hear it on March 11. After questions from the Board, Ms. Jones concluded the update.

Commissioner Burgess called on Carie Summers, Chief Financial Officer, to give an update on the FY 2004 and 2005 Budget. Ms. Summers brought to the Board's attention the following changes based on the Legislative Recommendations for the Amended FY 2004 Budget: 1.) Implement Supplemental Drug Rebates; 2.) Increase the AWP discount from 10% to 11%; 3.) Reduce funding for Mercer School of Medicine operating grant; and, 4.) Reduce funding for Morehouse School of Medicine operating grant. The House and Senate rejected the following items: 1.) eliminate generic dispensing fee incentive except for written prescriptions converted from brand to generic; 2.) charge sliding scale premiums to families of Katie Beckett children; 3.) eliminate Adult Dental Coverage; and, 4.) eliminate three positions in the Certificate of Need program. The House and Senate added the following items: 9.) reduce personal services and 10.) authorize the Department to apply for a waiver to cover low income, uninsured cancer victims with treatable conditions. The House and Senate agreed with 25 of the Governor's Recommendations, which included items such as increase state funding for Medicaid and Peachcare for Kids benefits to fund projected cash needs and incurred costs, reflect use of nursing home provider fees for nursing home reimbursement, implement Estate Recovery to offset long term care costs, reduce per diem related to the Physician Profile project and reduce rates through Medical Student Capitation. Ms. Summers stated the Department had not received House Recommendations on the FY 2005 Budget yet, but anticipates receiving them early next week. Ms. Summers concluded the update. (The FY 2004 Budget Reductions Handout is attached hereto and made an official part of these Minutes as Attachment #3.)

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Commissioner Burgess stated that due to the ongoing debate by the General Assembly on the Budget the Department would not ask the Board to vote on the approval of the Adult Dental Services and Pharmacy Services Public Notices. Based on whatever action is taken by the General Assembly, the public notices may be brought before the Board for approval at a later date. Ms. Fullerton opened the meeting for public comment. Comments were given on the Adult Dental Services public notice by Barbara Fogg, Suzanne North and Dr. Darryl Chapman. There were no comments given on the Pharmacy Services public notice.

Commissioner Burgess requested the Board to consider having the June or July meeting outside of the metropolitan Atlanta area. The Board agreed and will be polled to determine which date and a location. There being no further business to be brought before the Board at the March 10 meeting Ms. Fullerton adjourned the meeting at 12:20 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE
_____ DAY OF _____, 2004.

MRS. CAROL FULLERTON
CHAIRMAN

ATTEST TO:

FRANK ROSSITER, M.D.
Secretary

Official Attachments:

#1 – List of Attendees
#2 – March 10 Agenda
#3 - Amended FY04 Budget
Recommendations